

Avoiding Estate Planning Scams



BY:

Introduction

- Seniors are targeted as victims
 - Special Vulnerabilities
 - Greater Wealth \$\$\$\$
 - Particularized Needs
- Who is your salesmen ?
 - Impressive titles and credentials
 - Sales pitch
 - Training
 - What do they think about you

Introduction



- How estate planning scams work - tricks of the trade
- Planning your estate and investments
- Protecting yourself
- Choosing the right attorney
- Questions and Answers

Why are Seniors Vulnerable to Estate Planning Abuse?



- Money/Assets
- Some are dependent on others
- Sensory impairment
- Maybe emotionally vulnerable
- More trusting

Why Do Con Artists Target Older People (You, Your Neighbors and Friends)?



- They think you have money
- They think you are greedy geezers
- They think you are powerless, isolated, lonely, and easy to trick

*Sales People are Told That You are
Where the Money Is-- YOU ARE THE
BANK*

- “Thirteen percent of the people in this country are 65 and over. The most important statistic is that they control 70 percent of the assets in this country.”

Vulnerability Characteristics



- Cognitive Functioning
 - Education
 - Executive Functioning
- Physical Impairment
- Sensory Impairment
- Emotional Vulnerability
 - Social Isolation
 - Personality

Dependent on Others Because of Cognitive Impairment



- Certain illnesses such as stroke, Alzheimer's disease or other kinds of dementia affect memory and judgment
- Some individuals may not have these diseases but can be manipulated out of concern that they may have acted forgetful or confused

Related Factors



- Some individuals may not suffer from disease but may take more time to digest information.
- Some may be unfamiliar with terminology
 - Education maybe a factor
 - Lack of interest
 - Lack of exposure

How does this increase vulnerability?



- Cognitive Impairment: Difficulty remembering terms, difficulty understanding terms and what was agreed to
- Fear: Gives victimizer the upper hand. “Don’t you even remember agreeing to this?” Means of manipulation
- Processing Time: Fast talking con artists with a polished pitch can sell you the Brookline Bridge

Physical Impairment



- Problems sitting for long periods of time
- Fatigue
- Dependent on others to get things
- May be easier to wear you down

Sensory Impairment



- Hearing loss
 - difficulty hearing and understanding
 - fatigue in trying to remain attentive
- Vision
 - can't read the small print
 - light and lettering are factors
 - The most important material was in tiny print in light blue lettering

Emotional Vulnerability



- Maybe more trusting, less cynical
- Con artists hook into areas of loss
- Victim may buy into societal ageism, lower sense of self-worth
- May prey on people who are fiercely independent, strong survivors (don't consult others)

Other Factors related to Emotional Vulnerability



- Older women are more likely to live alone, lack others to consult
- Illness such as depression can affect decision-making

Do All Victims Fit This Profile?

- You do not need to have any of these characteristics to be victimized
- Con artists tailor their pitch to the needs, wants, desires and interests of victims
- AARP in their study of Telemarketing Fraud labeled one group the “you can’t fool me” victims because these individuals were sure that they were too smart to be duped

What is a living trust mill?

- Con men posing as experts
- Sell living trusts and related documents
- One size fits all.
- Goal is to discover assets under guise of estate planners in order to sell investments and insurance products.
- Nationwide problem.

Benefits of Proper Estate Planning



- Legacy
- Security for self and family
- Tax benefits
- Avoid probate

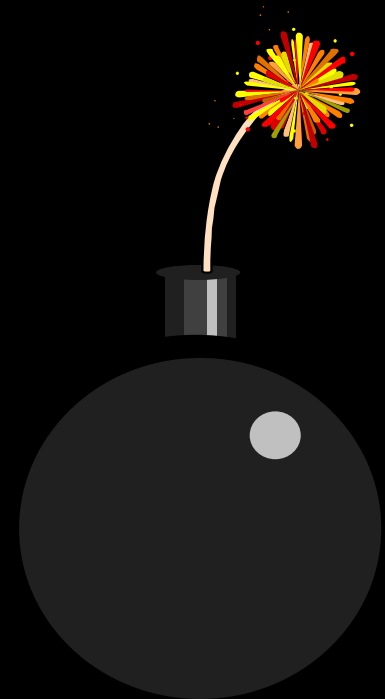
Proper Estate Planning Requires Expertise



- Tax knowledge
- Trusts and estates
- Financial planning
- Duty of loyalty owed to you
- Sells advice, not products

This Can Happen to You

- Estate planning documents are invalid
- Estate planning goals fail
- Life savings lost
- Increased taxes
- Family stress
- Family disputes



Know Your Salesman

- Would you go to a used car salesman to plan your estate?
- Advertise in help wanted columns
- Take anyone off the street
- No prior experience required
- Paid by commission

Salesman's Motives

\$ Goal is to Sell

✉ Not representing your interest

\$ Only makes money when sales occurs

\$ Bonus, Prizes and Cash



1995

**WIN
WITH
ABC'S**

**ALLIANCE
BONUS
CONTESTS**

**STAINLESS & GOLD ROLEX
OR FUR COAT OR 1+ CARAT
DIAMOND RING**

**\$3,000,000 IN PAID INSURANCE
PREMIUM**

CADILLAC

**WIN CAR PAYMENT SOF \$500
FOR TWELVE MONTHS WITH
\$6,000,000 IN PAID INSURANCE
PREMIUM. AGENT MUST BE
ACTIVE TO RECEIVE AUTO
PAYMENTS.**

**PRESIDENTIAL ROLEX
OR 2.5+ CARAT DIAMOND
RING**

**\$9,000,000 IN PAID INSURANCE
PREMIUM**

**PRESIDENTIAL ROLEX
WITH DIAMONDS**

**\$10,000,000 IN PAID INSURANCE
PREMIUM**

MERCEDES

**WIN CAR PAYMENTS OF \$1,000
FOR TWELVE MONTHS WITH
\$11,000,000 IN PAID INSURANCE
PREMIUM. AGENT MUST BE
ACTIVE TO RECEIVE AUTO
PAYMENTS.**

NOTE!

AGENT MAY WIN ONLY 1 CAR AND 1 WATCH SHOWN ON THIS PAGE.

1 Region in Insurance Sales

Glenn Duggins's

MONEYMOVERS

2 Region in Insurance Sales

Scott Kann's

MEGABUCKS

1 Region in Trust Sales

Scott Kann's

MEGABUCKS

2 Region is Trust Sales

Glenn Duggin's

MONEYMOVERS

Training

- What they say about you
- Sales techniques
 - How to get inside your home
 - Gaining trust
 - Overcoming objections
 - Discovering assets
 - Closing sale



Fear as a Sales Tool



- “Scare them a little. I use big-time fear in my presentation.”
- “You need to put fear into their mind that they need to do this today.”

Never Say Quit

- “You have to just hang on like a pit bull and don’t let go.”
- “They want somebody to push them over the fence and that’s what you are there for . . . And I told clients . . . put on the coffee pot because I’m not going to leave until you buy this.”

Building Trust



- “They put you on a pedestal. They tell you things that they only tell their attorney or banker. They tell you things that their kids don’t know.”
- “I’m going to be the grandson that they don’t have.”

Through the Eyes of the Salesman

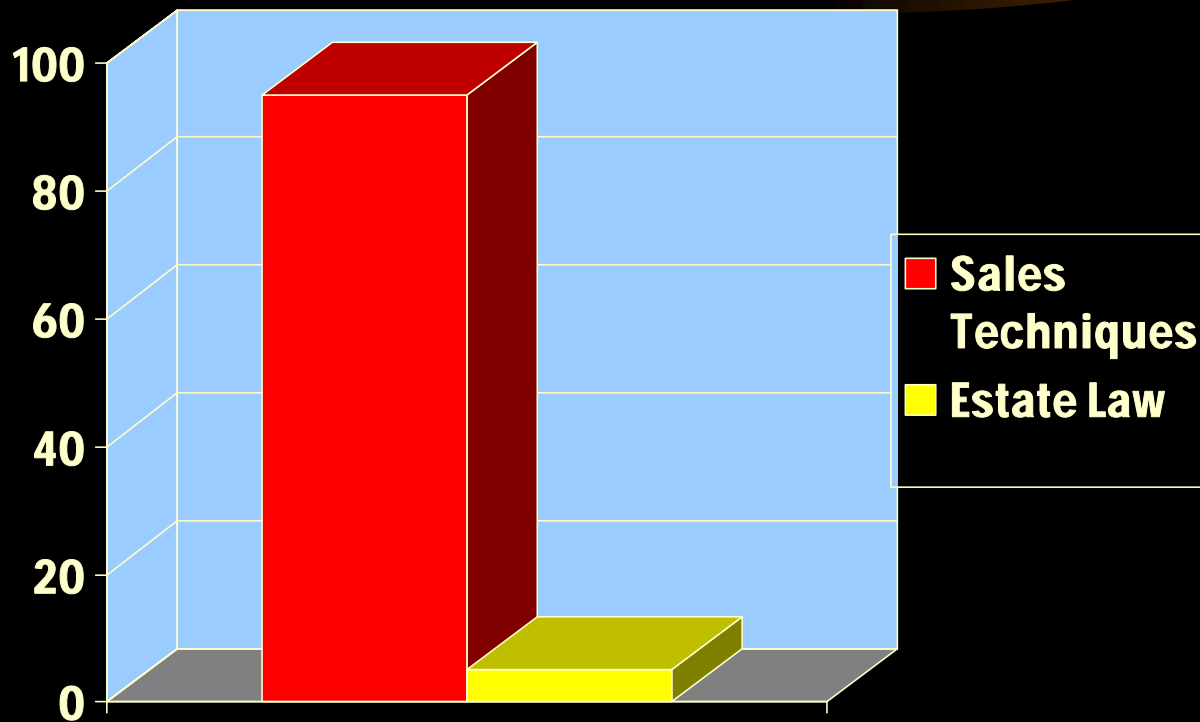


- “I have sold people things they did not want, they couldn’t pay for, they could never get rid of, and they could never use.”

Overcoming Objections

- **I want to talk to my children**
 - “You told me that you make your own decisions. Were you telling me the truth?”
- **It costs too much**
 - Offers discount
 - “Do you want the government to dispose of your assets?”
 - “What you save in probate costs will pay for your grandchildren’s college education.”
- **I need time to think about it**
 - “Can you afford to wait. I had a client who died while he was thinking about it.”

Graph on percent sales training vs. estate law training



How to Gain Your Trust



- Ads
 - Posing as experts
- In person
 - Personable
 - Show interest in you, your home and your family
 - Using technical sounding language
 - Credentials
 - Working with best estate attorney

Business Card



**ALLIANCE
FOR MATURE
AMERICANS**

Dave M. Wirtz, C.T.A.

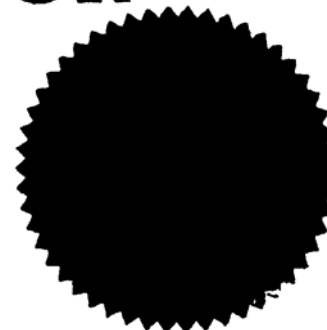
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FOR MATURE
AMERICANS

PIF(S) ☒ DEFT(S) _____ EXHIBIT 21
BETH A. KALTENBERGER, CSR
UK 19 97
DEPONENT Rhodes

TRUST ADVISOR



This is to certify that

William Alan Gluck

*has completed the classroom, video and home study training requirements
of the Alliance For Mature Americans regarding LIVING TRUST.
All rights, privileges and the designation of TRUST ADVISOR are hereby bestowed.*

January 5, 1995
Date


Chief Legal Counsel

001582

Certified Paralegal

The Law Offices of Herbert B. Rhodes, Attorney At Law
2102 Business Center Drive, Irvine, CA 92715
State Bar Of California Member #27067

Certifies That

Laura G. Davalos



*Has completed the classroom course in training requirements
for certification to act as a Paralegal in the field of Living Trust
and Estate Planning. All rights, privileges and the designation of*

Certified Paralegal are hereby bestowed.

March 15, 1996
Date

Herbert B. Rhodes
Chief Legal Counsel

Making the Sale

- Confidential Information
 - Deeds
 - Savings accounts
 - Checking accounts
 - Stocks
 - Bonds
 - Family history and relationships
- Discredit attorneys and judges
- Wear customer down
- Discount if buy now
- Scare tactics
 - Cost and time of probate
 - Horror stories
 - Make you feel guilty
- Presentation book
- Solution
 - Living trust
 - Living will
 - Durable powers of attorney
- **Cost as much or more than attorney!**



LIST OF SERVICES/DOCUMENTS ESTATE PLANNING SERVICES

1. The Revocable Living Trust
2. Pour-Will(s)
3. Durable Power of Attorney for Asset Management
4. Durable Power of Attorney for Health Care
5. Living Will(s) Directive to the Physician
6. Anatomical Gifts Declaration
7. Estate Portfolio Overview
8. Estate Portfolio Funding Instructions
9. Personal Information Section
10. Document Transferring Assets into Survivors Trust (A-B Trust)
11. California Deed Preparation
12. California Assignment of Deed of Trust
13. Funding Document(s) Prepared
14. Recording Deed(s) for California
15. Notary Service
16. Directives to the Successor Trustee(s)
17. Certificate of Trust
18. Abstract of Trust
19. Final Instruction Section
20. Witness Attestations
21. Preliminary Change of Ownership Report(s)
22. Directives to Banks, Financial Institutions and Brokerage Houses
23. Support Documents
24. Trust Particulars
25. Complete Customer Service Including toll free 800 telephone number
26. Review by Estate Planning Staff
27. Schedule "A" Listing of Assets
28. Periodic Trust Review Available
29. Complete In-House Service

I REQUEST THE PRIVACY OF THE PERSONAL AND FINANCIAL INFORMATION I HAVE PROVIDED EXCEPT AS EXPRESSLY OUTLINED IN THIS LIST OF SERVICES.

TOTAL PRICE

\$

Received \$ _____

Balance Due \$ _____

Date _____ Client's Signature _____

Authorized Signature _____

A. **The Alliance for Mature Americans Estate Planning Services, Inc.'s Thirty (30) Day Price Guarantee.** If you find the same product and services offered for a better price within Thirty (30) days the difference in price will be refunded. Notice must be in writing and postmarked within Thirty (30) days from the date of this Agreement. This Agreement may be rescinded within Three (3) days from the date of this transaction and notice must be in writing.

B. Client agrees that the Alliance for Mature Americans Estate Planning Services, Inc. is responsible for transferring only those assets which Client requests be transferred, shows clear title or ownership and for which Client assists the Alliance in the transfer process.

C. A Revocable Living Trust will not reduce Client's income tax.

D. The Alliance for Mature Americans Estate Planning Services, Inc. will correct any errors that are not the result of inaccurate information provided by Client. The Alliance uses standard Trust drafting procedures and relies on the completeness and accuracy of the information that Client provides.

E. All documents are prepared by an estate planning staff. Alliance For Mature Americans Estate Planning Services, Inc.'s representatives and employees are not authorized to render legal or tax advice. Client has had the opportunity to seek independent counsel and is not relying on these forms for legal advice.

F. The undersigned has provided information concerning Client's estate and finances to Alliance for Mature Americans Estate Planning Services, Inc. and its representatives to facilitate the preparation of certain estate planning documents. That information was disclosed by the undersigned to Alliance for Mature Americans Estate Planning Services, Inc. and its representatives orally and in the Personal Estate Planning Analysis Confidential Questionnaire, Funding Information Documents and Preliminary Worksheet. The undersigned hereby authorizes Alliance for Mature Americans Estate Planning Services, Inc. and its agents to present life insurance and annuity products to the undersigned for Client's consideration. The undersigned understands that Client has the right to withhold such authorization, in which case, Alliance for Mature Americans Estate Planning Services, Inc. would be unable to disclose the information to any other person or entity. The undersigned is aware that Client is entitled to and was provided with a copy of this Disclosure. This Disclosure shall remain in effect for Thirty (30) months from the date set forth below.

A. The Alliance for Mature Americans Estate Planning Services, Inc.'s Thirty (30) Day Price Guarantee. If you find the same product and services offered for a better price within Thirty (30) days the difference in price will be refunded. Notice must be in writing and postmarked within Thirty (30) days from the date of this Agreement. This Agreement may be rescinded within Three (3) days from the date of this transaction and notice must be in writing.

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**ALLIANCE
FOR MATURE
AMERICANS**

ESTATE PLANNING SERVICES, INC.

000763

DISCLOSURE AUTHORIZATION FORM

The undersigned understands and acknowledges that the Alliance for Mature Americans affiliated group of companies consists of the Alliance for Mature Americans Estate Planning Services, Inc., Alliance for Mature Americans Insurance Services, Inc., and Alliance for Mature Americans Membership Advantage Corporation.

The undersigned has provided information concerning his or her estate and finances to Alliance for Mature Americans Estate Planning Services, Inc. and its representatives to facilitate the preparation of certain estate planning documents. That information was disclosed by the undersigned to Alliance for Mature Americans Estate Planning Services, Inc. and its representatives orally and in the Personal Estate Planning Analysis Confidential Questionnaire and Funding Information, and Preliminary Worksheet (the "Information"). The undersigned hereby authorizes Alliance for Mature Americans Estate Planning Services, Inc. and its representatives to disclose the Information to its affiliate, Alliance for Mature Americans Insurance Services, Inc. and its agents to enable Alliance for Mature Americans Insurance Services, Inc. and its agents to present life insurance and annuity products to the undersigned for his or her consideration. The undersigned understands that he or she has the right to withhold such authorization, in which case, Alliance for Mature Americans Estate Planning Services, Inc. would be unable to disclose the information to any other person or entity. The undersigned is aware that he or she is entitled to and was provided with a copy of this Disclosure Authorization Form. This Disclosure Authorization Form shall remain in effect for thirty (30) months from the date set forth below.

**I REQUEST THE PRIVACY OF THE PERSONAL AND FINANCIAL INFORMATION I
HAVE PROVIDED EXCEPT AS EXPRESSLY OUTLINED ABOVE.**

Signature _____

Signature _____

Date _____

Date _____

Witness _____

Witness _____

7/95

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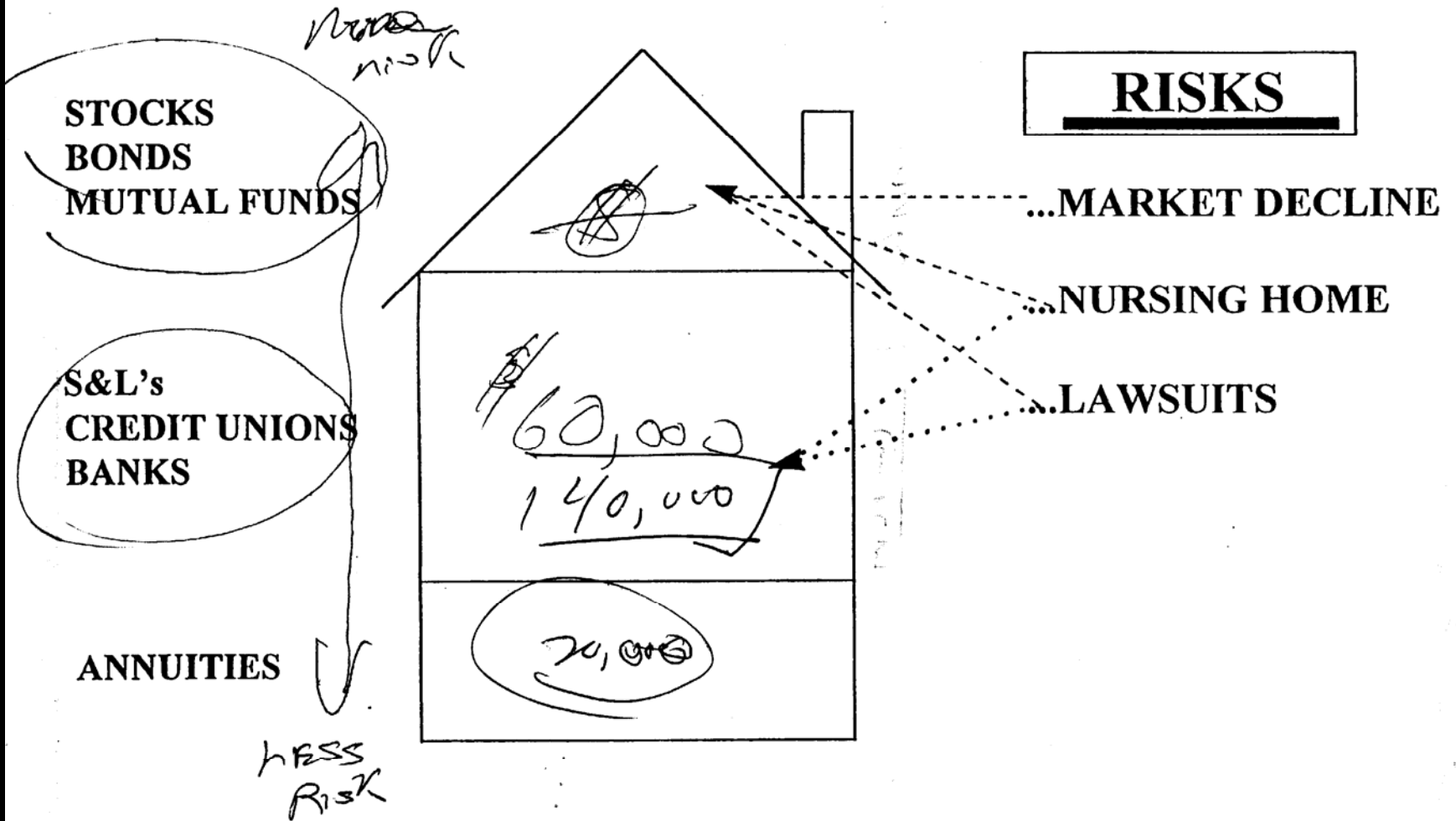
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Return of the Vampire



- Explains documents
- Documents signed, notarized, witnessed
- Told money is not safe
- Tries to sell annuity or other product
- Tries to get your savings some other way
- Referrals

YOUR FINANCIAL HOUSE



Different types of Estate Planning Fraud



- Attorneys usually are involved
- Annuities and other insurance products
- Reverse Home Mortgages
- Trustee of your property
- Phony charity donations

Periodic Reviews



- Salesman returns one year later
 - Reviews estate documents
 - Reviews new assets
- Tries to sell more annuities or other products

Protect Yourself

- Don't give out financial information to strangers
- Check out company
 - Get name, address, phone number
 - Check with BBB
 - Web
- Be suspicious
- Be assertive
 - Resist high pressure tactics
- Don't fall for "I happen to be in the area trick."
- Have trusted friend present
- Read and get copy of each document you sign
- Follow cancellation procedure
 - Make sure its in writing
 - Certified mail
- Check with people you trust
- Don't make snap decisions
 - Con artists want your money right away

Protect Your Friends



- Don't give referrals
- Form alliances with friends, watch-out for and support each other
- Warn gate guard and friends when solicited by unwanted sales representative

Just Say “NO!”



- Mail solicitations
 - Toss them in the trash
- Phone solicitations
 - Hang up
 - “Sorry, I never do business with companies who solicit by phone.”
- Home solicitations
 - “Sorry, you cannot come in. I never do business with door-to-door salesmen.”

Planning Your Estate



- Use attorney
 - No more expensive
 - Duty of loyalty to you
- Consult with Financial planners
- Talk to your family
- Choosing an attorney

How to Get Off Calling Lists



- Write to:
 - Direct Marketing Association
1111 19th Street NW (Suite
1100)
Washington, DC 20030
 - or call (202) 955-5030

Other Resources

- National Fraud Information Hotline:
 - 1 800- 876-7060
- The State Bar of California
- Orange County District Attorney
- California Attorney General's Office



No one is too smart to be a
victim.



The End

Questions and Answers